

191—34.6(514) Participating hospital contracts.

34.6(1) The following standards shall be applied to all participating hospital contracts subject to approval under Iowa Code section 514.8 and shall be relied upon by the commissioner in deciding whether approval is granted:

- a.* Contracts shall be fair to the subscribers of the hospital service corporation.
- b.* Contracts shall be fair to the hospital service corporation.
- c.* Contracts shall be fair, reasonable, and in the public interest.
- d.* The subscribers' rights to service under participating hospital contracts shall be adequately specified and protected.
- e.* The contract shall not be unfairly discriminatory with respect to the provision of services to subscribers.
- f.* Contracts shall not be detrimental to the financial condition of the hospital service corporation.
- g.* The payment of consideration required of the hospital service corporation by the provisions of the contract shall not be excessive, inadequate or unfair.

34.6(2) The prototype contract used by hospital service corporations with participating hospitals for hospital service shall be subject to the prior approval of the division. The individual contracts between hospital service corporations and individual participating hospitals are not subject to prior approval, so long as they substantially conform to the prototype contract approved by the commissioner. An informational filing shall be required upon execution of an individual hospital contract. An individual hospital contract shall be deemed to be in substantial conformity with the prototype contract if it is not disapproved within 30 days of filing.

34.6(3) In order to ensure fair and equitable charges to and premiums paid by subscribers of hospital service corporations, any method for paying hospitals which is contained in contracts between hospital service corporations and participating hospitals shall contain the following:

- a.* Incentives for high productivity and disincentives that encourage efficiency in hospital operation and effectiveness in use;
- b.* Provisions for economic trends;
- c.* Adjustments for variations in capacity among large hospitals and small hospitals;
- d.* Control mechanisms on unnecessary utilization and inappropriate setting for care;
- e.* Payment levels to hospitals which are equitable and meet reasonable financial requirements;
- f.* An internal appeal mechanism for disputes relating to budget review.

This rule is intended to implement Iowa Code chapter 514.